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Letter dated 2 April 2012 from the Permanent Representative of Kenya to the United Nations addressed to the President of the Economic and Social Council

I have the honour to refer to the annual ministerial review of the Economic and Social Council in 2012 on the theme: "Promoting productive capacity, employment and decent work to eradicate poverty in the context of inclusive, sustainable and equitable economic growth at all levels for achieving the Millennium Development Goals".

As you are aware, Kenya is one of the nine countries that will make national voluntary presentations during the annual ministerial review. I am, therefore, pleased to forward to you the national voluntary presentation of Kenya (see annex).

I take this opportunity to thank the Economic and Social Council for its support to the Government of Kenya during the preparation of the national report.

(*Signed*) Macharia **Kamau**
Ambassador
Permanent Representative

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Annex to the letter dated 2 April 2012 from the Permanent Representative of Kenya to the United Nations addressed to the President of the Economic and Social Council

Voluntary national presentation of Kenya on the theme: "Promoting productive capacity, employment and decent work to eradicate poverty in the context of inclusive, sustainable and equitable economic growth at all levels for achieving the Millennium Development Goals", for the annual ministerial review of the Economic and Social Council in 2012

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Summary

Kenya is located within East Africa and covers 580,728 km^2. It has a population of 38.6 million people (2009), with a life expectancy of 58.8 years. Most of the population is relatively young constituting of 67 per cent of the total adult population. It is a multiparty democracy State and elections are held every five years. The economy is robust having recorded a gross domestic product (GDP) of 4.5 per cent in 2011.

The Kenya Constitution 2010, which reflects the aspirations of Kenyans, lays a firm foundation for accelerated economic growth, development and poverty alleviation. It reaffirms the Government's commitment to employment issues, advocates for a decent work agenda and promotes fundamental rights at work. This is further complemented by the Kenya Vision 2030, which has identified a number of flagship projects to be implemented in order to increase productive capacity, employment and decent work and propel the country to middle-income status.

Many policies, programmes and projects have been undertaken in order to achieve the country's development agenda and achieve the Millennium Development Goals and other internationally agreed development goals. As in other developing countries, unemployment and underemployment continue to be Kenya's most difficult and persistent problems. It has a 12.7 per cent open unemployment rate and a 21 per cent underemployment rate. Poverty is still high, at 46 per cent. Productivity has remained relatively low, at an index of 2.38 in 2010 compared with 3.00-4.00 for newly industrialized countries. The low index is affected by a number of factors, including poor infrastructure and structural weaknesses in education and training, the absence of a culture of productivity improvement and the slow integration of science, technology and innovation into training programmes.

The Government has initiated various enabling strategies towards enhancing productivity, employment and the decent work agenda. These include strengthening the linkages between education, training and the labour market as well as promoting the productivity, measurement and management of both public and private entities. The Integrated Productivity Management Framework, developed under the Kenya National Productivity Centre that has to date developed 47 models of productivity improvement in the manufacturing and public sectors, has enhanced the competitiveness of both public and private institutions, with some private firms increasing their profits by 10 per cent and reducing wastage by up to 20 per cent. Equally, the Agricultural Sector Development Strategy will transform agriculture into a sector oriented towards commerce and innovation.

Kenya has several lessons learned and best practices to share with other countries. These include the use of devolved funds and structured, temporary policy interventions to achieve multiple benefit streams such as the impact on jobs, incomes, food security and environmental reclamation, as well as strengthening partnerships with stakeholders. The recent trends in deepening regional integration offer potential for expanding access to markets and the creation of jobs and income.

Climate change and its implications is a reality in our country requiring concerted efforts at both the national and international levels. There are many other challenges facing the country, such as those identified in Kenya Vision 2030.

Finally, there are a number of ongoing and planned areas of intervention that require financial and technical support from all partners.

I. Background on Kenya

A. Profile of Kenya

1. Kenya covers a total land area of 580,728 km^2. It is located in East Africa and borders the United Republic of Tanzania, Uganda, South Sudan, Ethiopia, Somalia and the Indian Ocean. In 2009, it had a population of 38.6 million people, with a life expectancy of 58.8 years (55.7 for males and 61.0 for females). The country also hosts many refugees from neighbouring countries. Young people constitute 67 per cent of the total adult population (see annex 2). The official language is English, while the national language is Kiswahili. Kenya is a multiparty democracy and elections are held every five years.

B. Analysis

1. Kenyan economy (2002-2011)

2. The Kenyan economy grew from 0.4 per cent in 2002 to 7.1 per cent in 2007, but declined to 1.5 per cent in 2007/08, owing to both internal and external shocks. In 2009 and 2010, it recovered to 2.8 per cent and 5.6 per cent, respectively. The high growth rate in 2010 was attributed to improved weather conditions, higher prices of the main exports and increased remittances from abroad. The high oil prices, the drought experienced in 2010 and 2011 and rising interest rates have negatively affected the levels of domestic investment, leading to a growth of 4.5 per cent in 2011. Growth prospects for the medium term look favourable. With continued global recovery and increased public investments, growth is expected to grow at a rate of 5.3 per cent in 2012.

2. Kenya Constitution 2010

3. The Kenya Constitution 2010 reflects the aspirations of Kenyans and lays a firm foundation for accelerated economic growth, development and poverty alleviation. The Constitution has introduced a two-tier structure of Government at the national and devolved county levels, and commits 15 per cent of the national budget to the counties. The Constitution reaffirms the Government's commitment to employment issues, advocates for a decent work agenda, promotes fundamental rights at work, adequate income from work, representation and the security of social protection and provides for an array of economic and social rights for the citizens.

3. Public sector reforms

4. The Government recognizes that at the heart of policymaking and service delivery is citizen satisfaction. Various measures have been initiated in order to improve public service delivery and ensure that the Government provides a suitable environment in which the private sector may thrive. Some of the reforms include redefining the purpose, mandate and core business of public sector institutions, capacity-building, performance management, public sector knowledge management and deeper engagement of stakeholders in the determination of service delivery priorities.

4. Employment in Kenya

5. The Government of Kenya has continuously articulated the need to create sufficient employment opportunities to absorb the country's growing labour force. To that end, the Government has formulated and implemented various policy interventions targeted at employment that have been integrated in all development plans and strategies, with the aim of creating productive and sustainable jobs, rapid economic growth and access to freely chosen employment that offers a high quality of life to Kenyans.

6. Despite those interventions, unemployment, underemployment and the working poor continue to be Kenya's most difficult and persistent problems. The country's employment challenge is manifested in terms of a 12.7 per cent open unemployment rate, 21 per cent underemployment and a working poor population estimated at 46 per cent of the employed. Unemployment is higher for females than for males. Most of the working poor are in the informal sector and agricultural self-employment. The employment problem is compounded by rapid population growth of 3.11 per cent (2010), a growing youth population, estimated at 67 per cent of the adult population, low and unsustained economic growth and structural rigidities.

7. Over time, the Government has reviewed its education system and oriented measures towards practical skills and self-employment. As a result, many new institutions have been established, intake in existing institutions has been expanded and lower-level colleges have been elevated to offer degree courses. The number of graduates leaving colleges and universities with various professional skills has greatly increased. The challenge, therefore, is to create enough decent jobs for Kenya's burgeoning young population while taking into account vulnerable segments of the labour force and gender balance.

8. Kenya has played a significant role in the export of labour within the East African region. This includes the export of teachers and civil servants to Rwanda and South Sudan, respectively, as part of capacity-building efforts for the two countries and the enhancement of the free movement of labour through regional cooperation.

5. Decent work agenda

9. Kenya's Decent Work Country Programme includes: the empowerment and employment of youth; the elimination of child labour, the fight against HIV and AIDS in the workplace and the expansion of social protections; and the expanding and strengthening of the principle of inclusion for the enhanced influence of tripartite partners in the national and international framework. The programme has not fully realized its expected outputs for various reasons and adequate measures are being put in place across sectors to ensure that the full potential of the programme is achieved.

6. Labour productivity

10. The growth of productivity in a nation is essential in raising the people's welfare and the country's competitiveness, in maintaining an increase in employment and in stabilizing the cost of living. Higher productivity is associated with a positive and healthy GDP, high employment, higher incomes and better living and working conditions. In Kenya, the labour productivity index has increased from 1.84 in 2001 to 2.38 in 2010 (see table 1), signifying a growth of 29 per cent. The index is, however, below the 3.00-4.00 range for newly industrialized countries.

Table 1
Labour productivity index 2001-2010

Year	*2001*	*2002*	*2003*	*2004*	*2005*	*2006*	*2007*	*2008*	*2009*	*2010*
Labour productivity index	1.84	1.84	1.85	1.92	1.97	2.05	2.14	2.16	2.20	2.38
Growth (percentage)		0.1	0.5	3.4	3.0	3.7	4.3	1.3	1.7	8.2

Source: Productivity Centre of Kenya.

11. The low indices are a result of a number of factors, such as poor infrastructure and structural weaknesses in education and training, a mindset in favour of white collar jobs, the absence of a culture of productivity improvement, the slow integration of science, technology and innovation into training programmes and inadequate relevant and accurate data and information.

7. Occupational safety and health

12. The Government recognizes that a safe and healthy workplace minimizes the risk of employers and workers in encountering accidents and diseases. This is critical for enhancing enterprise and national-level productivity, as it has a positive impact on the longevity of the earnings, the quality of life and the country's socio-economic development. Towards that end, the Government is in the process of developing a national occupational safety and health policy.

8. Social protection

13. Kenya operates a number of social protection interventions, broadly categorized into State social safety nets and community and family safety nets. The coverage and magnitude of these interventions are limited to employees in the formal sector, thereby exposing the growing majority of workers and entrepreneurs in the informal sector, unpaid family workers and the unemployed to high levels of vulnerability and destitution.

14. Currently, the Government is implementing several assistance interventions targeted at some specific categories of beneficiaries. These interventions include cash transfers to orphans, vulnerable children and old persons; a hunger safety net and urban food subsidy; food distribution to an expanded school feeding programme; general emergency relief; assistance to people with severe disabilities; and health vouchers to promote safe motherhood; and assistance provided through programmes such as Kazi kwa Vijana (Work for the Youth) and Njaa Marufuku (Freedom from Hunger).

9. Gender equality

15. Gender disparities in employment opportunities are still a challenge in many sectors of the economy. Though women constitute the majority in the labour force, their participation remains low relative to that of men. Some of the main causes of this are inadequate skills and knowledge, the lack of access to productive resources and inadequate gender-responsive policies and programmes. To address this disparity, the Government has taken measures, including constitutional ones, aimed at removing barriers and promoting education and training for women in order to improve their effective participation in the labour market. Under the Kenya

Constitution 2010, women and men have the right to equal treatment, including the right to equal opportunities in political, economic, cultural and social spheres.

10. Industrial training and attachment

16. Industrial training is important in facilitating the acquisition of the knowledge, attitudes and practical skills necessary for work. It incorporates industrial attachment, which creates opportunities for trainees to improve the skills that are relevant in the labour market. Industrial training and attachment in the country are undertaken within the framework and guidelines that are independently developed and operated by the public sector, private sector and informal sector. The performance of this function is hampered by a lack of clear policy and regulation, which often leads to disharmony of training standards and requirements at all levels. Moreover, industrial attachment has not been mainstreamed in industrial training and has been characterized by weak supervision and assessment. To address these challenges, the Government has implemented several initiatives aimed at equipping trainees with skills that are relevant to the needs of industry and has promoted linkages between industry and training institutions.

11. Development of the micro and small enterprise sector

17. The micro and small enterprise sector plays a vital role in providing employment opportunities for 74 per cent of the total employed population. The sector is largely informal and faces a number of challenges, which include weak linkages with the large firms as a source of markets and technology, poor work sites, insecure land holdings, job insecurity attributed to the high failure rates of enterprises, the absence of social security and a weak framework for safety and health in the workplace. The low rate of job creation by the sector and the limited durability of the jobs is a result of the limited vertical growth of the micro and small enterprises, which inhibits them from graduating to medium and large enterprises.

18. Interventions that have been put in place in the micro and small enterprise sector to promote employment and sustainable development include the rehabilitation of work sites, securing of land parcels in various parts of the country, the marketing of goods from the sector in regional and local exhibitions, the training of operators in the sector, facilitating the formation of savings and credit cooperative societies and the provision of financial services through microfinance institutions.

12. Setting the minimum wage

19. In order to promote decent employment and equitable growth, the Government has established mechanisms for setting the minimum wage through the Wage Councils. The minimum wage rates take into account the respective economic sector and region. In addition, the Government has established mechanisms for promoting collective bargaining at the industry level in order to cushion workers against high rates of inflation and the escalating prices of commodities. The establishment of the Salaries and Remuneration Commission, as enshrined in the Constitution, will address the various challenges of wage determination and harmonization within the public sector. The Government is also in the process of formulating a wages and income policy to provide a framework and necessary guidance on wage levels in the country that will enhance equitable growth.

II. Review of policies and strategies

A. Policies

20. The Government of Kenya has put in place several policies to guide its development agenda and also to help it to achieve the Millennium Development Goals and other internationally agreed development goals, as detailed below.

1. Kenya Vision 2030

21. Kenya aspires to become a globally competitive country offering a high quality of life to all its citizens by the year 2030. The social, economic and political pillars of the Kenya Vision 2030 are anchored on the existence of a skilled, productive, competitive and adaptive human resource base that can meet the challenges of a rapidly industrializing economy. Since its launch in 2008, a number of achievements have been made across sectors, which have contributed to increased productive capacity, employment and decent work and will propel the country to middle-income status. Flagship projects have been identified and implemented across sectors.

2. National wage guidelines

22. The Government has developed national wage guidelines to promote sustainable industrial harmony between employers and employees. Already 5 sectoral wage councils out of 17 are operational. The Government has established an Industrial Court to arbitrate and register collective bargaining agreements negotiated between employers and workers' representatives in order to improve the terms and conditions of employment and cushion them against inflation. The Kenya Constitution 2010 has elevated this court to the status of a high court.

3. Policy on micro, small and medium enterprises

23. The policy on micro, small and medium enterprises has been developed to guide growth and development within the sector while addressing the challenges of creating decent employment. This is in recognition of the role that the sector plays in creating employment opportunities, especially for youth and other disadvantaged groups in Kenya.

4. National occupational safety and health policy

24. The national occupational safety and health policy that is under preparation seeks to provide a framework within which occupational safety and health issues will be integrated into management systems in both private and public sectors of the country. This is in recognition that a safe and healthy workplace minimizes the risk of employers and workers in encountering accidents and diseases. It is critical for enhancing enterprise and national-level productivity as it has a positive impact on the longevity of the earnings, quality of life and the socio-economic development of the country.

5. Industrial training and attachment policy

25. The policy aims to promote and enhance industrial attachment and apprenticeship systems to enable trainees to acquire the practical skills necessary for

the world of work. The policy specifically targets the setting up and streamlining of linkages between training institutions and industry and will seek to address the challenges of the two parties in providing industrial attachment opportunities for trainees.

6. National social protection policy

26. Kenya is a signatory to the Universal Declaration of Human Rights (1948), which recognizes social protection as a fundamental human right for all citizens of the world. Indeed, Kenya has ratified this Declaration and has embraced it in the Constitution of Kenya 2010. The State commits itself to provide appropriate social security to persons who are unable to support themselves and their dependants. This is to ensure that all Kenyans live in dignity and are given opportunity to exploit their capability for socio-economic development.

27. Towards that end, a national social protection policy is being developed to provide sustainable mechanisms for the protection of persons living in situations of extreme poverty and vulnerability. The proposed policy sets out the framework for coordination, planning and implementation of effective and efficient social protection strategies.

B. Enabling strategies

28. To complement the respective policies, the Government has put in place a number of strategies towards enhancing productivity, employment and decent work.

1. Strengthening the linkages between education, training and industry

29. One of the major challenges facing the Government is the lack of a skills inventory that would indicate the distribution of skills and industry trends necessary for planning the country's future training programmes. Towards that end, the Government, in collaboration with development partners and key stakeholders, are undertaking a national manpower survey. This will assist in establishing baseline information that will inform manpower planning in the country, facilitate the establishment of a skills inventory, a labour-market information system and an integrated human resources development strategy.

2. Productivity promotion, measurement and management

30. In order to promote higher productivity and raise competitiveness, Kenya established the National Productivity Centre in 2002, the mandate of which is to promote productivity practices in both public and private sector institutions, respectively, for enhanced competitiveness. The Centre has initiated an integrated productivity management framework comprising productivity improvement, measurement and promotion. The Centre has managed to develop 47 models of productivity improvement in the manufacturing and public sectors, respectively.

31. As a result of the above-mentioned initiative, the profitability of firms has gone up at an average rate of 10 per cent, attributed directly to productivity, wastage has been reduced by up to 20 per cent and employment levels have increased up to 50 per cent. The promotion of productivity has resulted in the development of

400 productivity technical service providers, whose roles include developing and running national campaigns in their respective sectors.

32. Using aggregated data, the National Productivity Centre has been able to develop the indices to facilitate productivity-based wage determination and compensation. As a benchmarking tool, a community of practice modalities is being worked out.

Box 1
Case study of a firm applying the integrated productivity management framework

A limited company located in Nairobi's industrial area, which was established 27 years ago to manufacture steel and steel products, whose products are sold locally and exported in East Africa, participated in a productivity improvement programme offered by the Centre in 2009. The company was faced with the challenge of operations running below installed machine capacity. The company had an output of (on average) 89 tons of steel processed in one line against an installed capacity of 120 tons per day. It also had frequent machine breakdowns, high defect rates and low uploading rates of mill rolls. The application of productivity improvement tools and techniques on the line yielded remarkable results within six months. Production levels increased to the actual installed capacity of 120 tons per day. A 25 per cent reduction in machine breakdowns led to a 32.5 per cent increase in machine utilization, a rise in productive time utilization among workers to 20 per cent thus achieving target output in six days rather than the previous seven days. Workers were consequently given one paid rest day, thereby raising their morale. The machine changeover was reduced to 24 hours from 36 hours, leading to increased productive time. The net effects on the company's costs are as follows:

- One rest day for machines and employees, with 50 per cent savings on energy costs
- 89 tons of output previously achieved in 24 hours is now increased to 120 tons, but achieved in less time, i.e., 22.5 hours. One and a half hours released for rest and clean-up each day — 31 extra tons is achieved with the same resources
- The overall monthly turnover increased by on average 20 million per month, with increased profitability of 30 per cent per month

Increased profitability means the expansion of the facilities leading to expanded employment opportunities within the firm.

3. Entrepreneurship for employment creation

33. The micro and small enterprise sector continues to play a critical role in employment creation in Kenya. To give the sector the required impetus, the Government will fast-track the implementation of a policy paper of 2005 on

development of micro and small enterprises for wealth and employment creation for poverty reduction, formulate and enact a Micro and Small Enterprises Act to support the necessary legal framework and establish a national council for small enterprises. The mandate of the council will be to coordinate the necessary national interventions, monitor programme implementation, mobilize resources and advise the Government and stakeholders accordingly. Other strategies include capacity-building, developing and implementing entrepreneurship programmes, expanding the marketing frontiers for products from micro and small enterprises and developing and upgrading the micro and small enterprises infrastructure.

4. Mitigating HIV and AIDS in the workplace

34. HIV/AIDS is one of the contributors to low productivity and high labour costs in Kenya. The spread of HIV/AIDS is increasingly having an adverse impact on the operations and competitiveness of many organizations.

35. Employees and households are also affected, thus raising the issue of safeguarding workers against stigmatization. Strategies have been put in place to ensure non-discrimination against persons living with HIV/AIDS. Voluntary HIV counselling and testing centres are strategically located for ease of access and Government facilities offer free management of HIV/AIDS cases.

5. Gender equity

36. To enhance gender equity in access to social, economic and political opportunities in the country, the Government has mainstreamed gender issues in its policies and plans. In addition, targeted programmes and projects have been developed, along with campaigns to eliminate retrogressive cultural practices, such as female genital mutilation and early marriage. Other measures being undertaken include providing mechanisms to manage the transition from school to work, career guidance, industrial attachment, mentoring and coaching, making the school environment friendlier to the girl child and business counselling advisory services. The Government has also institutionalized its commitment to addressing gender inequalities by creating a national commission on gender and development.

6. Agricultural sector strategies

37. Improving productivity and increasing the incomes of farmers are key to achieving food security and improved nutritional status, especially for women and youth. Development in the sector is coordinated through the Agricultural Sector Development Strategy (2010-2020), the goal of which is to transform the country's agricultural sector into an innovative, commercially oriented, competitive and modern industry that will contribute to poverty reduction, improved food security and equity in rural and urban Kenya. Achievements of the Strategy include completion of the National Agricultural Research System policy, the framework for policy implementation and its investment plan; extension delivery models that are awaiting piloting in selected districts and the strengthening of private sector organizations initiated for 10 associations.

C. Financing mechanisms

38. The following are some of the Government initiatives to mobilize funds to address equitable development and poverty reduction programmes.

1. Enterprise funds

39. Deliberate actions have been undertaken to provide Kenyans with equal opportunities so that every Kenyan has an equal chance to realize his or her potential in life. To that end, the Government has created the Youth Enterprise Development Fund and Women Enterprise Fund to provide investment funds at low interest rates to young people and women, respectively. Both funds support individuals or groups.

Box 2
Youth Enterprise Development Fund

The Youth Enterprise Development Fund was conceived in June 2006 by the Government as a strategic move towards arresting youth unemployment. At that time, the Government committed KSh 1 billion ($12.5 million) to the Fund and to date has contributed KSh 3.3 billion ($41 million). The objective of the Fund is to provide young people with access to credit and skills to enable them to creatively engage in economically viable activities. The Fund has so far advanced loans worth KSh 5.2 billion ($65 million) to 144,000 youth enterprises. It has further trained over 200,000 young people in entrepreneurship and assisted 1,800 enterprises market their goods and services. A further 6,000 young people have been helped to get employment abroad.

Box 3
Women Enterprise Fund

The Women Enterprise Fund was established in August 2007 to provide accessible and affordable credit to support the start-up and expansion of women-owned enterprises. It also aims to provide services such as capacity-building, marketing, the promotion of linkages and infrastructure support. The Fund was awarded the Millennium Development Goals Award for outstanding achievement in promoting gender equality and women's empowerment in 2011. Over 340,000 women have been supported by the Fund to grow their businesses.

2. Devolved funds

40. The Government has established several devolved funds to implement projects identified at the grass-roots level. These include the Constituency Development Fund, the Road Maintenance Levy Fund, the Education Bursary Fund, the Vulnerable Children Fund and the Local Authorities Transfer Fund. These funds

promote equity and community participation in development. The Kenya Constitution 2010 has further strengthened devolution of resources by setting a fixed proportion of development resources to be allocated to each of the created devolved governance units (counties) as well as establishing an equalization fund to provide more new resources to marginalized areas.

Box 4
Constituency Development Fund

The Constituency Development Fund was established by an act of Parliament in 2003, which ensures that 3.5 per cent of Government annual revenue is channelled directly to the constituency level to support identified and prioritized community development projects. The Fund is managed under the guidance of the Constituency Development Fund Act through four committees. Three quarters of the national Constituency Development Fund allocation is divided equally among all constituencies, while a quarter of the total is then divided based on population and level of poverty.

3. Public-private partnerships in Kenya

41. In its long-term development plan (Kenya Vision 2030), the Government has identified ambitious development programmes and projects that require massive financial outlays to implement. To successfully implement these projects, the Government has identified joint ventures with the private sector. A bill to guide the implementation and safeguard the interests of the parties involved has been developed and a unit has been created within the Ministry of Finance to backstop the process. Regular meetings with the Government have further enhanced the partnership with the private sector; these include the biannual President's Luncheon and the quarterly meetings of the Prime Minister's Round Table.

4. Mobilization of external resources

42. A number of mechanisms that are consistent with the Paris Declaration on Aid Effectiveness have been used by the Government to support the implementation of the development programme, such as basket funding, technical assistance, programme funding, budget support, aid for trade and direct funding, among others. Kenya prepared the Kenya Joint Assistance Strategy in 2007 and updated it in 2010 to take into account the Accra Agenda for Action and to align it to the Government's long-term development strategy. The Mutual Accountability Framework within the Strategy, which has specific indicators for monitoring and evaluation, has supported the coordination of donor-assisted programmes. Kenya has also participated in the Development Cooperation Forum 2011 Survey on Mutual Accountability, the results of which formed part of the agenda for the Fourth High-level Forum on Aid Effectiveness, held in Busan, Republic of Korea, in December 2011.

43. In 2010, Kenya applied to the United Nations Development Programme Administrator to be considered as a self-starter in the "Delivering as one" initiative. To improve on the harmonization of United Nations procedures and in the spirit of "Delivering as one", the Government and the United Nations system in Kenya are

currently discussing ways of implementing joint reporting of direct expenditures by United Nations system agencies for various programmes/projects with the objective of improving the harmonization of United Nations procedures and programmes at the country level. Currently, two joint programmes are being implemented under the initiative, namely, the Joint Programme on HIV/AIDS and the Joint Programme on Gender Equality and Women's Empowerment. Joint programmes have the dual benefit of reducing transaction costs to the Government and reducing aid fragmentation.

44. Kenya is in the process of developing an external resources policy that will provide a framework for mobilizing and utilizing external resources.

III. Progress on Millennium Development Goals 1 and 3

45. Kenya reaffirms its commitment to the achievement of the Millennium Development Goals and has therefore aligned its development policies to the attainment of these Goals. Currently, the Millennium Development Goals are key criteria for resource allocation. Despite these efforts, there remain some challenges to the achievement of Goals 1 and 3.

A. Millennium Development Goal 1: Eradicate extreme poverty and hunger

46. Targets 1B and 1C of Millennium Development Goal 1 are aimed at achieving full and productive employment and decent work for all and reducing by half the proportion of people who suffer from hunger, respectively. Progress regarding target 1B shows that the number of unemployed Kenyans has continued to increase despite improved economic performance.

47. The Government has put in place various interventions aimed at eradicating extreme poverty and hunger. These include increasing agricultural productivity through revamping the development and application of improved technologies, reviving the extension services and purchasing and storage of the strategic grain reserve, among others. These efforts have led to a reduction of the population below the poverty line to 46 per cent (2009), from 56 per cent in 2000; increased food consumption per capita by about 10 per cent between 2001 and 2006; and reduced hunger by about 12.5 per cent between 1992 and 2007. A number of challenges still exist, namely, the high unemployment rate among youth; the low level of application of modern technology; inadequate markets; limited access to affordable credit; environmental degradation and poor infrastructure.

B. Millennium Development Goal 3: Promote gender equality and empower women

48. The target for this Goal is to eliminate gender disparity at all levels by 2015. In Kenya, there exist gender gaps with regard to accessibility to and control of resources, economic opportunities, power and political voice. On average, the labour force participation rates of males in the modern sector have remained higher than those of females.

49. In education, Kenya has achieved gender parity in primary school enrolment. However, the transition rates for girls to secondary education and other tertiary institutions are lower than those of boys. Total enrolment in public technical, industrial, vocational and entrepreneurship training institutions increased from 70,512 in 2006 to 89,506 in 2009, with female enrolment constituting about 48 per cent. Total enrolment in both public and private universities shows a slight increase in female enrolment over the years, although female enrolment lags behind. Between 2006 and 2010, enrolment in universities increased from 92,316 to 159,742, comprising 100,087 males and 59,655 females. This slight increase in enrolment was attributable to the Government's affirmative action policy of pegging the university admissions cut-off points for females at two points lower than those for males.

50. In terms of employment, Government policy requires that 30 per cent of all positions of employment and promotions be reserved for women. Women's participation in leadership and at the decision-making levels has increased from 28.4 per cent in 2003 to 39.1 per cent in 2011. In political participation, women make up 9.9 per cent of all parliamentarians, compared with the global average of 18.3 per cent. Factors that undermine the achievement of gender equality include cultural and traditional practices and beliefs and limited access to productive resources and credit facilities.

IV. Lessons learned, best practice, challenges and opportunities

A. Lessons learned

51. Of the many lessons learned, a few are listed below:

(a) It is clear that directed policy interventions bring about desired changes. Properly targeted policies and programmes, such as the Agricu' re Sector Development Strategy, are capable of promoting employment creation, food security and the reclamation of degraded environmental resources, but long-term planning is necessary for sustainability;

(b) The disconnect between policy and programme implementation as well as policy fragmentations may lead to mixed results. Efforts should therefore be made to harmonize related policies and provide a direct linkage between policy and targeted change;

(c) Devolved/decentralized funds provide an avenue for addressing poverty problems at the grass-roots level. In order to intensify the impact from these funds, there is a need for collaborative efforts among stakeholders at the devolved levels;

(d) Targeted programmes and projects often require more resources than can be provided by the Government and call for alternative sources of funding such public-private partnerships.

B. Best practice

52. The Kenya Constitution 2010 ushered in new ways of addressing national challenges. It provides a structured avenue for discussing the national agenda, including socio-economic and governance issues.

53. The strengthening of labour market institutions leads to increased productivity and a decent work environment. Such institutions play an important role in addressing labour issues.

54. The Government has adopted performance-based management in service delivery. This has enhanced service delivery in the public sector.

55. The introduction of mobile phone money transfer services has positively transformed the financial sector in Kenya. The m-Pesa money transfer service has become a preferred mode of banking and money transfer, especially within the informal sector, since it is fast and easy to operate.

C. Challenges

56. The impacts of climate change pose a significant challenge to the sustainable development of Kenya. Instances of severe drought, flooding and unpredictable weather patterns have become frequent occurrences, causing food insecurity and reduced productivity.

57. The country faces inadequate human and financial capacity in some sectors, which undermines labour productivity and has a negative impact on promoting employment and the decent work agenda. At the same time, uncoordinated and fragmented policies, inadequate capacity for monitoring quality and standards and a lack of regular surveys to inform skills development are other challenges facing the country.

D. Opportunities

58. Kenya has initiated the development of an action plan to implement the National Climate Change Response Strategy. It is a signatory to the Kyoto Protocol to the United Nations Framework Convention on Climate Change. This will help to attract investment to the country, especially in mitigation and adaptation projects.

59. Under Kenya Vision 2030, a total of 120 flagship projects have been identified for implementation. When implemented, these flagship projects will contribute to the achievement of the desired economic annual growth rate of 10 per cent. Some of these projects will be implemented under the public-private partnership framework. That arrangement will provide opportunities for investment and the attendant benefits.

60. Kenya is a member of the East African Community Common Market, which allows free movement of goods, labour, services and capital as well as the right to establishment and to residence. This provides an opportunity in terms of increased free movement of workers within the region, especially those that are well trained and highly skilled.

V. Further implementation

A. Climate change response

61. Kenya is currently preparing a national climate change action plan that will inform aspects of mainstreaming climate change into national planning and budgeting. The plan will require about $3 billion over a span of 3 to 20 years to implement.

B. Development of labour market policies

62. A sessional paper on youth labour export that will guide labour migration for youth seeking employment outside the country, a diaspora policy and a labour migration policy that seek to mainstream diaspora involvement in the development agenda and provide framework for movement of labour are in the process of development.

C. Social protection

63. The Government will enhance assistance and interventions targeting vulnerable groups with a view to reaching more beneficiaries.

D. Development of special economic zones

64. A policy on special economic zones has been developed and a bill to guide the implementation is in Parliament awaiting discussion. The zones will contribute significantly to faster economic growth and create higher-value technology-based industries, attracting both local and foreign investment. This will expand productive capacity, create new employment and facilitate the decent work agenda. The zones will include business parks, industrial parks, science and technology parks and other special facilities. The proposed Konza City and the Lamu Port are some of the major investment projects under the special economic zones.

VI. Conclusion

65. The Government is fully committed to the realization of the Millennium Development Goals and other internationally agreed development goals. The Kenya Vision 2030 has identified numerous development projects aimed at realizing sustained, equitable and inclusive economic growth. This ambitious long-term development plan is buttressed by the Kenya Constitution 2010, which provides for economic and social rights to the citizenry. The journey to achieve these development goals will, however, require the support and cooperation of all stakeholders, especially development partners.

Annex 1

Selected country macroeconomic indicators, 2003-2010

Indicator	*2003*	*2004*	*2005*	*2006*	*2007*	*2008*	*2009*	*2010*
Population (millions)	33.20	34.20	35.10	36.10	37.20	38.30	38.60	39.80
Population growth (percentage)	3.11	2.54	2.50	2.85	3.05	2.96	0.78	3.11
GDP, current prices (millions of United States dollars)	14 987	16 249	19 133	22 779	27 022	30 108	29 334	32 171
Real GDP growth (percentage)	2.90	5.10	5.91	6.33	6.99	1.53	2.64	5.55
Per capita income current prices (United States dollars)	397.8	405.5	560.8	622.7	726	724.9	746.8	833.4
Annual average inflation (percentage)	9.81	11.79	9.87	6.39	4.27	16.27	9.24	3.96
Balance of payments (overall) (millions of United States dollars)	365	117	306	675	854	(496)	780.53	163.40
Exchange rate Kenya shilling/United States dollars (average)	75.93	79.28	75.55	72.10	67.32	69.18	77.35	79.23

Source: Central Bank of Kenya and Kenya National Bureau of Statistics.

Annex 2

Population by 5-year age groups and sex: a young population

(Thousands)

Age	*0-4*	*5-9*	*10-14*	*15-19*	*20-24*	*25-29*	*30-34*	*35-39*
Total	5 939	5 598	5 035	4 169	3 775	3 201	2 520	2 008
Male	3 000	2 833	2 565	2 124	1 754	1 529	1 257	1 004
Female	2 939	2 765	2 470	2 046	2 020	1 672	1 262	1 004

Age	*40-44*	*45-49*	*50-54*	*55-59*	*60-64*	*65-69*	*70-74*	*75+*
Total	1 476	1 273	956	712	594	391	339	632
Male	744	635	478	359	295	183	160	270
Female	733	647	478	352	299	208	179	352

Source: Kenya National Bureau of Statistics 2009.